

HOUSE BILL No. 1021

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 32-21.

Synopsis: Tax sale property fraud. Specifies that compensation includes a conveyance of real property under the law governing maximum compensation for recovering money in a tax sale surplus fund. Provides that, when real property sold at a tax sale is conveyed after the tax sale and before the tax sale purchaser is issued a tax sale deed, a person acquiring the property must pay the county the amount needed to redeem the real property before the person can obtain the county auditor's endorsement on the document of conveyance and record the document. Provides that such a conveyance becomes void on the date the redemption period expires if the document of conveyance has not been recorded.

Effective: July 1, 2016.

Pryor

January 5, 2016, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1021

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-24-7, AS AMENDED BY P.L.251-2015,
2 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2016]: Sec. 7. (a) When real property is sold under this
4 chapter, the purchaser at the sale shall immediately pay the amount of
5 the bid to the county treasurer. The county treasurer shall apply the
6 payment in the following manner:
7 (1) first, to the taxes, special assessments, penalties, and costs
8 described in section 5(e) of this chapter;
9 (2) second, to other delinquent property taxes in the manner
10 provided in IC 6-1.1-23-5(b); and
11 (3) third, to a separate "tax sale surplus fund".
12 (b) For any tract or item of real property for which a tax sale
13 certificate is sold under this chapter, if taxes or special assessments, or
14 both, become due on the tract or item of real property during the period
15 of redemption specified under IC 6-1.1-25-4, the county treasurer may
16 pay the taxes or special assessments, or both, on the tract or item of real



property from the tax sale surplus held in the name of the taxpayer, if any, after the taxes or special assessments become due.

(c) The:

(1) owner of record of the real property at the time the tax deed is issued who is divested of ownership by the issuance of a tax deed; or

(2) tax sale purchaser or purchaser's assignee, upon redemption of the tract or item of real property;

may file a verified claim for money which is deposited in the tax sale surplus fund. If the claim is approved by the county auditor and the county treasurer, the county auditor shall issue a warrant to the claimant for the amount due.

(d) If the person who claims money deposited in the tax sale surplus fund under subsection (c) is:

(1) a person described in subsection (c)(1) who acquired the property from a delinquent taxpayer after the property was sold at a tax sale under this chapter; or

(2) a person not described in subsection (c)(1), including a person who acts under a power of attorney executed by the person described in subsection (c)(1);

the county auditor may issue a warrant to the person only as directed by the court having jurisdiction over the tax sale of the parcel for which the surplus claim is made.

(e) A court may direct the issuance of a warrant only:

(1) on petition by the claimant; ~~and~~

(2) within three (3) years after the date of sale of the parcel in the tax sale; ~~and~~

(3) in the case of a petitioner covered by subsection (d)(1), if the petitioner has satisfied the requirements of IC 32-21-8-7.

(f) Unless the redemption period specified under IC 6-1.1-25 has been extended under federal bankruptcy law, an amount deposited in the tax sale surplus fund shall be transferred by the county auditor to the county general fund and may not be disbursed under subsection (c) if it is not claimed within the three (3) year period after the date of its receipt.

(g) If an amount applied to taxes under this section is later paid out of the county general fund to the purchaser or the purchaser's successor due to the invalidity of the sale, all the taxes shall be reinstated and recharged to the tax duplicate and collected in the same manner as if the property had not been offered for sale.

(h) When a refund is made to any purchaser or purchaser's successor by reason of the invalidity of a sale, the county auditor shall, at the



December settlement immediately following the refund, deduct the amount of the refund from the gross collections in the taxing district in which the land lies and shall pay that amount into the county general fund.

SECTION 2. IC 6-1.1-24-7.5, AS ADDED BY P.L.73-2010, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 7.5. **(a) For purposes of this section, "compensation" means anything of value, including the conveyance of real property by a property owner.**

~~(a)~~ **(b)** For purposes of this section, "property owner" refers to the owner of record of real property at the time the tax deed is issued and who is divested of ownership by the issuance of the tax deed.

~~(b)~~ **(c)** If a property owner enters into an agreement on or after May 1, 2010, that has the primary purpose of paying compensation to locate, deliver, recover, or assist in the recovery of money deposited in the tax sale surplus fund under section 7(a)(3) of this chapter with respect to real property as a result of a tax sale, the agreement is valid only if the agreement:

(1) requires payment of compensation of not more than ten percent (10%) of the amount collected from the tax sale surplus fund with respect to the real property, unless the amount collected is fifty dollars (\$50) or less;

(2) is in writing;

(3) is signed by the property owner; and

(4) clearly sets forth:

(A) the amount deposited in the tax sale surplus fund under section 7(a)(3) of this chapter with respect to the real property; and

(B) the value of the property owner's share of the amount collected from the tax sale surplus fund with respect to the real property after the compensation is deducted.

SECTION 3. IC 6-1.1-25-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 1. Any person may redeem the tract or real property:

(1) sold; or

(2) for which the certificate of sale is sold under IC 6-1.1-24; under IC 6-1.1-24 at any time before the expiration of the period of redemption specified in section 4 of this chapter by paying to the county treasurer the amount required for redemption under section 2 of this chapter. **A person that has been conveyed a tract or real property covered by IC 32-21-8-7 must pay the amount required for redemption to satisfy the requirements of IC 32-21-8-7.**



1 SECTION 4. IC 32-21-2-14 IS ADDED TO THE INDIANA CODE
 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 3 1, 2016]: **Sec. 14. The recorder may not record a document of**
 4 **conveyance covered by IC 32-21-8-7 unless it has been endorsed by**
 5 **the auditor of the proper county under IC 36-2-11-14.**

6 SECTION 5. IC 32-21-8-3 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 3. A tax sale surplus
 8 fund disclosure form must contain the following information:

- 9 (1) The name and address of the taxpayer transferring the
 10 property.
- 11 (2) The name and address of the person acquiring the property.
- 12 (3) The proposed date of transfer.
- 13 (4) The purchase price for the transfer.
- 14 (5) The date the property was sold at a tax sale under IC 6-1.1-24.
- 15 (6) The amount of the tax sale purchaser's bid that was deposited
 16 into the tax sale surplus fund under IC 6-1.1-24-7.
- 17 **(7) Proof from the county treasurer that the person acquiring**
 18 **the property has paid to the county treasurer the total amount**
 19 **required under IC 6-1.1-25 for the redemption of the tract or**
 20 **real property.**

21 SECTION 6. IC 32-21-8-7 IS ADDED TO THE INDIANA CODE
 22 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 23 1, 2016]: **Sec. 7. (a) Before a county auditor may make the**
 24 **endorsement required by IC 36-2-11-14 on a document of**
 25 **conveyance for a tract or real property covered by this chapter, the**
 26 **person acquiring the property must provide to the county auditor**
 27 **proof from the county treasurer that the person has paid to the**
 28 **county treasurer the total amount required under IC 6-1.1-25 for**
 29 **the redemption of the tract or real property.**

30 **(b) A conveyance for a tract or real property covered by this**
 31 **chapter is inoperable and void if it is not recorded with the county**
 32 **recorder in which the property is situated on or before the**
 33 **expiration date of the redemption period under IC 6-1.1-25 for the**
 34 **property.**

